



May 24, 2017

2016 Significant Agenda Items

- Conducted a Bond Manager Search to replace JP Morgan
- Conducted an International Small-Cap Equity Search to replace GMO
- Began process of reducing active managers and increasing index allocations
- From Dec. 31st 2015 to March 31st 2017, indexing has increased from 13.2% to 27.6% of total assets
- Current indexing represents 45% of all stock and bond assets as of March 31st

Index Funds Anchor Stock and Bond Asset Classes

Asset Class	Manager	Assets
Fixed Income	J.P. Morgan	\$170,710,835
	Mellon Capital	\$93,952,663
U.S. Equities	Boston Partners	\$127,100,550
	Mellon Capital	\$101,646,392
	Artisan Partners	\$45,709,918
	Northern Trust	\$44,454,068
	Mesirow	\$51,388,215
	Silvercrest	\$48,073,533
International Equities	Northern Trust	\$225,932,026
	OFI	\$57,870,562
	Segall Bryant	\$67,425,785
Alternative Assets	Various	\$616,018,151
TOTAL PORTFOLIO		<u>1,666,992,077</u>

Focus on Cost Savings

- Overall investment manager fees have been reduced to approximately 0.49% of total fund assets as of March 31st
- This is a reduction from 0.56% of total fund assets as of December 31st, 2015
- This represents a savings of approximately \$1.17M in annual savings
- We will likely see further future savings

Remaining Active Managers Start 2017 Strong

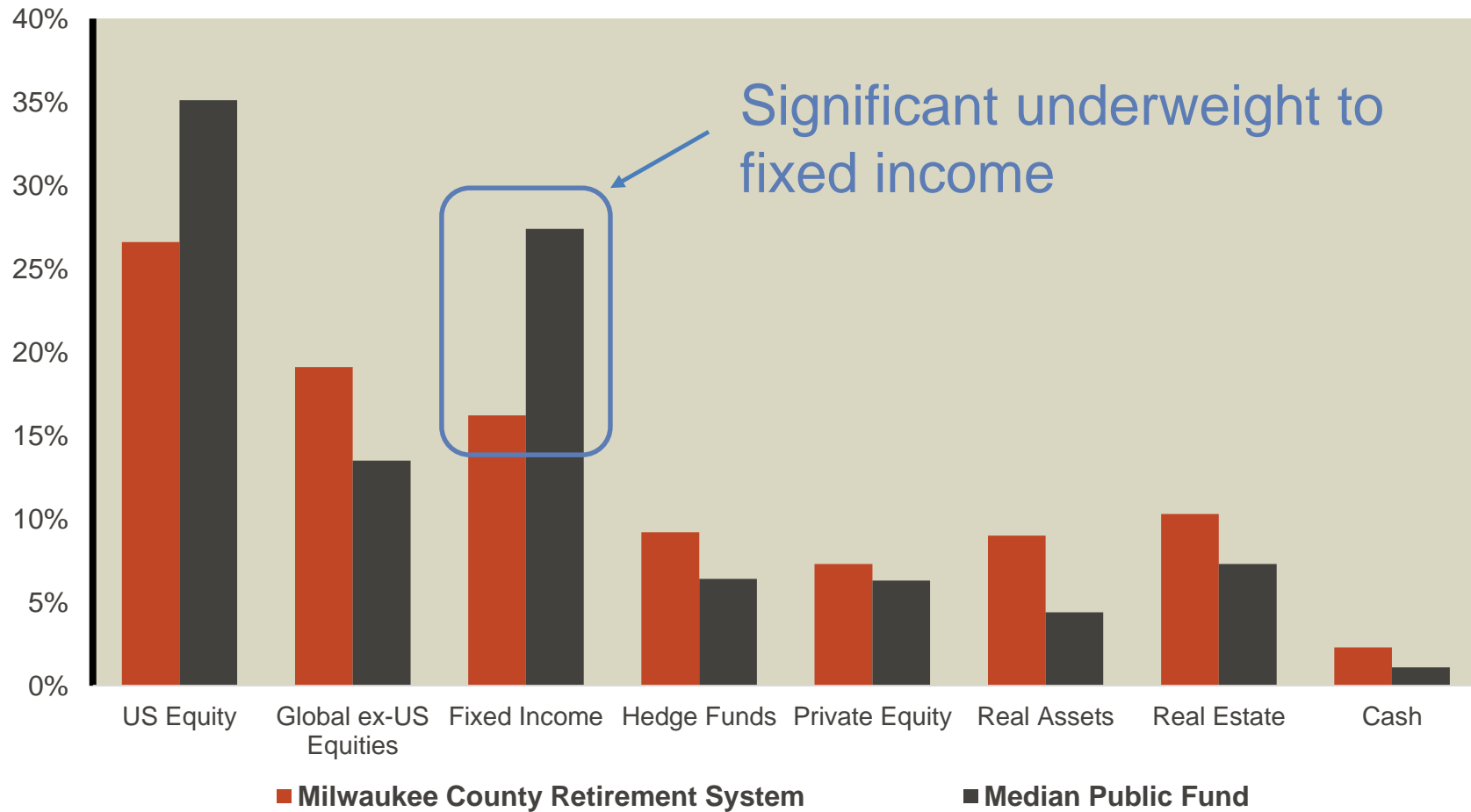
Asset Class	Manager	1 st Qtr	Benchmark	\$ Gained
U.S. Equities	Boston Partners	4.1%	3.3%	\$1,016,804
	Artisan Partners	8.0%	6.9%	\$502,809
	Mesirow	2.6%	-0.1%	\$1,387,481
	Silvercrest	0.2%	-0.1%	\$144,221
International Equities	OFI	11.4%	11.4%	---
	Segall Bryant	8.1%	8.0%	\$67,426

The active managers have added approximately \$3,118,741 in value in 2017 as of March 31st

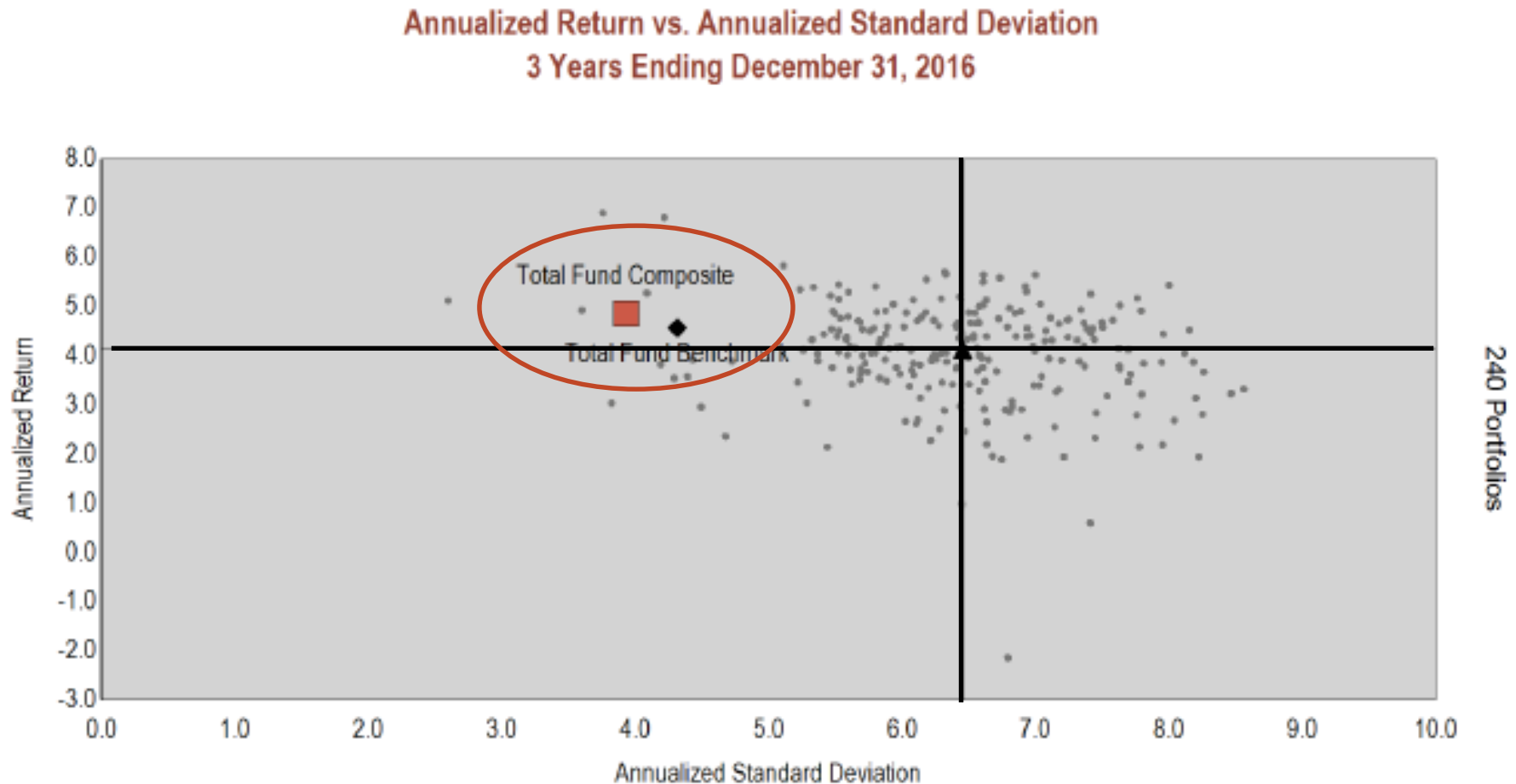
Market Values as of 12-31-16

Asset Class	Market Values	Allocation	Target
Fixed Income	\$269,710,454	16.2%	18.0%
U.S. Equity	\$442,897,987	26.6%	25.0%
International Equity	\$318,073,460	19.1%	20.0%
Long/Short Equity	\$152,848,426	9.2%	10.0%
Total Real Estate	\$172,434,988	10.3%	8.5%
Total Infrastructure	\$150,263,737	9.0%	8.5%
Total Private Equity	\$122,055,655	7.3%	10.0%
Total Cash Equivalents	\$38,707,369	2.3%	0.0%
TOTAL PORTFOLIO	<u>\$1,666,992,077</u>	<u>100.0%</u>	<u>100.0%</u>

Asset Mix vs. to Median Peer Group



Pension Fund Peer Risk



According to the InvestorForce Public Defined Benefit Net + Universe

Components of 2016 Return

<u>Asset Class (% of assets)</u>	<u>2016 Return</u>	<u>5 Yr Return</u>
U.S. Equity Portfolio	12.9%	14.3%
Private Equity Portfolio	9.2%	9.7%
Real Estate Portfolio	7.8%	13.2%
International Equity Portfolio	4.1%	6.2%
Infrastructure Portfolio	3.5%	5.5%
Fixed Income Portfolio	2.5%	2.6%
Long/Short Equity Portfolio	1.7%	6.8%
Total Pension Fund Return	6.9%	8.5%

2016 Summary of Cash Flows and Return

Beginning Market Value	\$1,714,582,411
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Net Additions/Withdrawals	(\$160,057,096)
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Investment Earnings	\$112,466,761
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Ending Market Value	\$1,666,992,076
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2016 Return, net of all fees: 6.9%

2017 First Quarter Return: 3.9%

Pension Fund Historical Net Returns

2016	2015	2014	2013	2012	2011	2010	2009
6.9%	2.4%	5.4%	15.4%	11.2%	0.3%	12.2%	18.4%

- The five year annualized return ending 12/31/16 is 8.2% ranks in the 36th percentile of all Public Pension Funds
- The seven year annualized return of 7.6% ranks in the 35th percentile of all Public Pension Funds

According to the InvestorForce Public Defined Benefit Net + Universe

Milwaukee County Investment Managers

As of 12-31-16

U.S. Equity

Mellon Capital
Boston Partners
Artisan Partners
Geneva Capital
Silvercrest Management
Fiduciary Management

International Equity

Segal Bryant*
Northern Trust
OFI

Private Equity

Adams Street Partners
Sigular Guff
Mesirow Financial

Fixed Income

Mellon Capital
J.P. Morgan Chase

Real Estate

Morgan Stanley
American Realty
UBS


Infrastructure

Industry Funds Mngmt.
J.P. Morgan Chase

Long Short Equity

ABS Investment Mngmt.
Parametric

* New managers in 2016



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